REMARKS

After entry of the foregoing amendment, claims 1-60 are pending in the application. Claims 52-60 are newly added.

The allowance of various claims is noted with appreciation, as is the indication of allowable subject matter in certain other claims. However, there seems to be some confusion about claim status. The undersigned has prepared the following summary of claim status from the Action:

1	Allowed	22	Cox + Wong	39	Cox + Wong
2.	Allowed	23	Cox + Wong	40	Cox + Wong
3	Allowed	24	Cox + Wong	41	Cox + Rhoads
	Allowed	25		42	Objected-to
4		23	Cox + Wong +	42	•
5	Allowed		Rhoads		(depends from
6	Allowed	26	Objected-to		rejected claim);
7	Allowed		(depends from		Cox + Rhoads
8	Allowed		rejected claim)	43	Objected-to
9	Allowed	27	Cox + Wong		(depends from
10	Allowed	28	Cox + Wong +		rejected claim)
11	Allowed		Rhoads	44	
12	Allowed	29	Cox + Wong	45	Allowed
13	Allowed	30	Cox + Wong	46	Cox + Rhoads
14.	Allowed	31	Cox + Wong	47	Cox + Rhoads
15	Cox + Wong	32	Cox + Wong	48	Objected-to
16	Cox + Wong	33	Cox + Wong		(depends from
17	Cox + Wong	34	Cox + Wong		rejected claim)
18	Cox + Wong	35 .	Cox + Wong	49	Cox + Wong;
19	Cox + Wong	36	Cox + Wong		Cox + Rhoads
20	Cox + Wong	37	Cox + Wong	50	§ 101; allowable
21	Cox + Wong	38.	Cox + Wong	51	§. 101.

On page 13 the Action indicates that claim 50 is allowable, but on pages 2-3 it is rejected under §§ 112 and 101.

On page 14, claims 42 and 48 are said to be "objected-to" because of their dependence from a rejected base claim; however, on page 9 these claims are said to be rejected over Cox + Rhoads.

On page 14, claim 26 is said to be "objected-to." There is no statement of its rejection; however, it is mentioned in a section rejecting claims 41-42 and 46-49 over Cox + Rhoads, on page 11.

Claim 44 does not seem to be mentioned.

Clarification is solicited.

Claims 50-51 stand rejected under § 101 and § 112.

Applicants addressed the § 101 rejection in the previous response, and maintain that traverse of the rejection.

The rejection newly states that the claim recites a use, "without setting forth any steps involved in the process."

In response, applicant observes that the claim is phrased in Jepson format. In Jepson claims – unlike other claims – the preamble always serves as a positive claim limitation. (See, e.g., PTO Training Materials on "35 U.S.C. 112 Rejections Not Based on Prior Art," http://www.uspto.gov/web/offices/pac/dapp/35usc112.htm, which states, "Elements set forth in preamble are part of the claimed combination.") As such, the claim preamble serves as part of the claimed method. That preamble recites, e.g., "processing said content data in a domain orthogonal to said time or spatial domain..."

The "improvement" portion of the claim further recites "assessing a coefficient to determine whether it has an original value consistent with a bit of the watermark payload." That portion of the claim further recites, "if not, then changing the coefficient value, and else leaving the coefficient value unchanged." These limitations are believed to be more than adequate to comply with the requirements of § 101.

Similarly, applicants respectfully submit that the claim complies with the requirements of § 112.

Since this is one of a dwindling number of issues remaining in the case, the undersigned requests an opportunity to discuss same with the Examiner and her supervisor. When reviewing this response, kindly call the undersigned at the number indicated below so that this point might be more quickly resolved.

New claim 52 has been added to further define the method of claim 50.

Claims 15-24, 27, 29-40 and 49 stand rejected under § 103 over Cox (5,915,027) in view of Wong (6,504,941).

Applicants respectfully submit that Wong is not available as prior art. The present application claims priority to an Australian application first filed in February, 1997. A corresponding PCT application (PCT/AU09/00106), from which this U.S. filing was nationalized, was filed in February, 1998.

Wong, in contrast, does not appear to be effective as a reference until its April, 1998, filing date.

Accordingly, allowance of claims 15-24, 27, 29-40 and 49 is solicited.

Claims 25 and 28 stand rejected over Cox and Wong, and also Rhoads. Again, because Wong is not available as prior art, allowance of these claims is solicited.

Claims 41-42 and 46-49 stand rejected under § 103 over Cox in view of Rhoads (5,822,436).

(Although the present application and Rhoads are commonly owned, applicants do not seek to avoid Rhoads as a reference.)

This rejection of claim 46 appears to be a possible typo. It depends from claim 44, which has not been rejected over Cox + Rhoads.

Independent claims 41 and 47 have been amended to better distinguish the art. (The "embedded code signal" subtracted from the original digital image in Rhoads is described – in the cited embodiment – as being a pseudo-random signal. Thus, the cited passage of Rhoads teaches *away* from the methods defined by the amended claims, in which the *same* value is subtracted from *each* of the samples in said portion.)

New claims 53-60 have been added to more fully protect applicants' inventive work. Support for such claims is found, e.g., at page 5, lines 22-27, and between page 11, line 14 and page 13. line 5.

Favorable reconsideration and passage to issuance are solicited.

Date: November 23, 2005.

CUSTOMER NUMBER 23735

Phone: 503-469-4800 FAX 503-469-4777

Respectfully submitted,

DIGIMARC CORPORATION

By William Y. Conwell

Registration No. 31,943